



CITY COUNCIL AGENDA STATEMENT



August 4, 2020

File ID: 19-0551

TITLE

- A. RESOLUTION OF THE CHULA VISTA PUBLIC FINANCING AUTHORITY DECLARING A SURPLUS IN THE RESERVE AND REDEMPTION FUNDS FOR THE CHULA VISTA PUBLIC FINANCING AUTHORITY REASSESSMENT DISTRICT NO. 2001-1 AND REASSESSMENT DISTRICT NO. 2001-2

- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA DECLARING A SURPLUS IN THE IMPROVEMENT FUND FOR THE CITY OF CHULA VISTA ASSESSMENT DISTRICT NO. 90-2 (OTAY VALLEY ROAD)

RECOMMENDED ACTION

Authority adopt resolution A and Council adopt resolution B.

SUMMARY

Reassessment Districts were formed in the eastern area of Chula Vista to refinance improvements needed. This work was completed, payment of all principal and interest due on the Refunding Bonds has been satisfied and surplus funds exist. Since the surplus funds can be reimbursed to property owners and used for maintenance of the improvements within the Reassessment District, the City's consultant recommends disposition of the surplus monies in the Reassessment District Reserve and Redemption Funds to eligible property owners as provided for in Section 8794 and Section 8885 of the California Streets and Highways Code, as well as the use of surplus monies in the Reassessment District Improvement fund for the maintenance of the improvements within the assessment District, pursuant to section 10427 (C) of the California Streets and Highways Code.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable

DISCUSSION

The City Council has, by previous resolution and related actions, undertaken proceedings pursuant to the Municipal Improvement Act of 1913 to form and confirm an assessment in a special assessment district known and designated as Assessment District No. 90-2 in the Otay Valley Road area (Attachment 1). Assessment District No. 90-2 was formed in order to finance public improvements, which included the acquisition of street and other related improvements in connection with the widening of Otay Valley Road, and incidental costs and expenses related thereto.

In 2001, the City consolidated and reassessed seven Assessment Districts as Reassessment District No. 2001 (Reassessment District No. 2001-1 and Reassessment District No. 2001-2). Reassessment District No. 2001-2 included Assessment District No. 90-2.

The City authorized the consolidation and reassessment of the Assessment Districts as the Reassessment District and authorized the refunding of the Original Bonds by the issuance of \$25,885,000 Refunding Revenue Bonds Assessment District No. 2001-1 and \$4,265,000 Refunding Revenue Bonds Assessment District No. 2001-2, Series A Senior Lien Bonds and Series B Subordinate Lien Bonds respectively. This pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds. The payment of all principal and interest due on the Refunding Bonds has been satisfied and surplus funds exist.

The Refunding Bonds matured with the final scheduled debt service payment on September 02, 2017. Following the final debt service payment, surplus fund balances remained on behalf of the Reassessment District. The City retained Willdan Financial Services, a consultant firm with expertise in this area, to review and perform an assessment district closeout analysis and prepare an Assessment District Closeout Analysis and Findings Report (Closeout Report) for the Reassessment District. The Closeout Report summarizes the recommendations for the disposition of the remaining funds in accordance with applicable laws (Attachment 2).

Consistent with the consultant's recommendation, Council is being asked to authorize:

- Request to trustee to transfer remaining balance in the Series A Expense Fund (\$1,642.75 at the time of completion of the closeout report), from the Expense Fund to the City's General Fund;
- The establishment of an Assessment and Disposition Fund at the City, in which to deposit the balances in the various trustee and City held funds for making refunds to the Assessment District property owners and to pay closeout expenses;
 - Request the trustee to transfer the balances in the Series A Reserve Fund, Series B Reserve Fund, Series A Revenue Fund and Series B Principal Account to the established Assessment District Disposition Fund. Transfer City held Series A (Fund 838) and B (Fund 839) fund balances to the Assessment District Disposition Fund.
 - The transfer of \$50,230.65 from the Assessment District Disposition Fund to the City General Fund for payment of estimated closeout costs;
 - \$3,729,045.74 drawn on the Assessment District Disposition Fund to prepare refund checks payable to each of the Assessment District's eligible property owners equal to 13.05% of

Remaining Original Assessment Liens (City to retain the services of a third party for the issuance of refund checks to property owners).

- Transfer \$87,911.50 in the AD 90-2 Improvement Fund (Fund 507) to a specific fund for future Maintenance of the 90-2 Improvements.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no current Fiscal Impact associated with this council item. All staff time to be recovered through the assessment district from designated closeout expenses.

ONGOING FISCAL IMPACT

None.

ATTACHMENTS

1. Assessment District 90-2 boundary map.
2. Reassessment District No. 2001, Assessment District Closeout Analysis and Findings Report.

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